

CCS#2 HCS SB 693 -- TAXATION

(Vetoed by the Governor)

This bill changes the laws regarding taxation.

RECREATION AND COMMUNITY CENTER DISTRICT (Section 67.585, RSMo)

The bill authorizes the creation of a recreation and community center district in an area encompassed by the Liberty School District. The district may impose a sales tax of up to .5% on sales in the district. The sales tax must be approved by a majority of the inhabitants of the district voting on the question. Revenues derived from the sales tax may only be used for the construction, maintenance, and operation of a community center and for other recreation and wellness purposes. The sales tax may not be terminated until after all of the bonds secured by the tax have been retired.

PERRY COUNTY TRANSIENT GUEST TAX (Section 67.1367)

The bill authorizes the governing body of Perry County to impose, upon voter approval, a transient guest tax of up to 6% per room per night to be used solely for the promotion of tourism.

TAX INCREMENT FINANCING (Section 99.845)

The bill adds taxes imposed on sales for capital improvements in certain counties imposed after August 28, 2013, for the purpose of funding emergency communication systems to the list of taxes excluded from the requirement that 50% of the taxes be deposited into a separate segregated account within a special allocation fund.

Beginning August 28, 2014, the bill exempts any additional revenues generated within an existing redevelopment project area from an increase in a property tax levy or a sales or use tax rate that is approved after the adoption of a redevelopment project from being subject to deposit into a special allocation fund without the consent of the taxing district.

WINE AND GRAPE PRODUCERS TAX CREDIT (Section 135.700)

For the taxable years beginning on August 28, 2014, the total amount of tax credits allowed under the wine and grape producers tax credit cannot exceed \$200,000 annually. The bill also allows purchases of used equipment to qualify for the tax credit.

INFORMATION REQUESTS BY THE ST. LOUIS COUNTY ASSESSOR (Section

137.133)

Any correspondence by the St. Louis County Assessor with a taxpayer must include in bold, 14-point font a statement that disclosure of the information requested is voluntary and not required by law and that any information disclosed may become public record. This provision does not apply to a request for information regarding the required listing of property or listing of lessees.

FACILITATING BUSINESS RAPID RESPONSE TO STATE DECLARED DISASTERS
ACT (Sections 143.041 - 143.191, 144.610, and 190.270 - 285.234)

The Facilitating Business Rapid Response to State Declared Disasters Act is established. An out-of-state business that is responding to a declared state disaster or emergency or any of its out-of-state employees are not subject to specified state or local employment, licensing, or registration requirements, including registration with the Secretary of State; withholding or income tax registration, filing, or remitting requirements; and use tax on equipment used or consumed if the equipment does not remain in the state after the disaster period unless the out-of-state business or employee remains in Missouri after the conclusion of the disaster period. An out-of-state business includes a business that is affiliated with a registered business solely through common ownership if that entity does not have any registrations, tax filings, or nexus in the state before the declared disaster or emergency. A prior registration as an out-of-state business for a declared disaster or emergency must not be considered a registration in this state. The employees of an out-of-state business who are responding to a declared disaster in Missouri are not required to file and pay state or local income taxes, to be subject to tax withholdings, or to pay any state or local fee unless the employee remains in Missouri after the conclusion of the disaster period.

The out-of-state business must provide assistance in repairing, renovating, installing, or building infrastructure related to the declared disaster or emergency; notify the Secretary of State within 10 days of entering the state; and provide specified information. The Secretary of State must provide the information to the Department of Revenue within 30 days after receipt of the notification.

These provisions cannot grant the exemptions authorized by the act to any out-of-state business that is performing work pursuant to a request for bid or request for proposal by a state agency or political subdivision.

Specified provisions regarding the tax clearance, financial

assurance, and unemployment insurance requirements of a transient employer must not apply to an out-of-state business responding to a disaster in Missouri.

ALLOCATION OF INTERSTATE INCOME FOR CORPORATE TAX PURPOSES (Section 143.451)

Currently, in determining what portion of a corporation's income is taxable in Missouri, the business may use a method whereby the ratio of instate sales to total sales is multiplied by the net income. A method for determining whether sales of tangible property are to be considered instate is already established in current law. The bill specifies a process for all other sales.

For sales of real property or rentals of tangible personal property, the portion of the property sold or rented that is located in this state must be considered an instate sale. For sales of service, the portion of the benefits delivered to purchasers in this state must be considered an instate sale.

For rentals or licenses of intangible property, the portion used in this state by the rentee or licensee must be considered an instate sale. Intangible property used for marketing must be considered used in this state if the good or service being marketed is purchased by a consumer in this state. Franchise fees or royalties for intangible property must be considered used in this state if the franchise is located in this state.

For sales of intangible property, the portion of the sale used in this state must be considered an instate sale. If the sale is for the right to conduct business activity in a certain geographic area, the sale must be considered instate if the geographic area is in this state. If receipts for sales of intangible property are dependent on use or productivity, the sale must be considered a lease or rental of intangible property. All sales of intangible property other than the right to conduct business in a specific area or sales with receipts contingent on productivity or use must be excluded from the sales factor when determining corporate income tax.

If it cannot be determined or reasonably approximated that a sale occurs in this state, the sale must be excluded from the sales factor for corporate income taxation.

SALES TAX EXEMPTIONS (Sections 144.030, 144.044, and 144.1030)

The bill exempts from the state and local sales and use taxes:

- (1) The titling of a motor vehicle with a model year of at least

10 years prior to the year in which the motor vehicle is being titled. This exemption cannot apply to the titling of a motor vehicle with a sales price of more than \$15,000;

(2) The sale of a used manufactured home; and

(3) The amount paid that results in the first opportunity to purchase or decline tickets to events at the Sprint Center in Kansas City but does not itself result in admission.